



John R. Kasich, Governor  
Mary Taylor, Lt. Governor  
Craig W. Butler, Director

**CERTIFIED MAIL**

December 22, 2014

Ms. Sandra Kowalski  
Site Director  
BASF Corporation  
120 Pine Street  
Elyria, OH 44035

RE: BASF Corporation (Facility ID #0247040195) Voluntary Audit Disclosure (VAD #12-12)

Dear Ms. Kowalski,

The Director of the Ohio Environmental Protection Agency ("Ohio EPA") has received, pursuant to Ohio Revised Code ("ORC") § 3745.72, BASF Corporation's ("BASF") Voluntary Audit Disclosure ("VAD") and request for immunity from civil penalties based upon the disclosed findings. The disclosure and request is dated November 26, 2012.

Specifically, the VAD pertains to BASF's failure to obtain a permit to install ("PTI") for an air contaminant source at a new lithium ion battery plant that was added to its existing operations in Elyria, Ohio. Failure to obtain a PTI is a violation of Ohio Administrative Code ("OAC") § 3745-31-02.

Ohio provides immunity from administrative and civil penalties, except for any economic benefit component, to owners or operators who voluntarily disclose information regarding violations discovered during an environmental audit and report pursuant to ORC § 3745.72(C). Disclosure is voluntary only if all conditions/requirements within the statute are satisfied. ORC § 3745.72(B)(5) states that the immunity provisions associated with a disclosure only apply if "the disclosure is not required by law, prior litigation, or an order by a court or a government agency."

Ohio EPA, Division of Air Pollution Control ("DAPC") agrees that the violations disclosed in the VAD submitted by BASF, dated November 26, 2012, meet the requirements for immunity from administrative and civil penalties. BASF is in the process of obtaining the

proper permits for this emissions unit. VAD immunity does not exempt BASF from liability for any other violation of Ohio or federal law, and does not limit the Director's authority to take action pursuant to provisions of ORC Chapter 3745.

As you know, BASF is required to obtain the appropriate permit before the installation of any new air contaminant source at the facility. Please note that any future failures to obtain the proper permits prior to installing air contaminant sources, and subsequently disclosing these violations voluntarily through an environmental audit report, may not meet the requirements of ORC § 3745.72(B)(2) or ORC § 3745.72(E)(1). In either case, immunity would not be available.

If you have any questions regarding this matter, please contact Todd Brown, Ohio EPA, DAPC, Central Office at (614) 644-4839.

Sincerely,



Jim Kavalec, Acting Manager  
Compliance and Enforcement Section  
Division of Air Pollution Control

JK/TB/tb

xc: Dean Gadoury, BASF  
Adam Ward, DAPC  
Todd Brown, DAPC  
Supora Johnson, Director's Office  
Drew Bergman, Legal  
Christine Mcphee, NEDO  
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